

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. EEP-02-38
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**ORDER DOCKETING PLAN, ESTABLISHING PROCEDURAL
SCHEDULE, AND REQUIRING ADDITIONAL INFORMATION**

(Issued November 8, 2002)

On May 30, 2002, the Utilities Board (Board) issued an order directing Interstate Power and Light Company (IPL) to file a new energy efficiency plan on or before October 15, 2002. IPL filed its proposed new plan on October 15, 2002. The energy efficiency programs contained in the proposed new plan are similar to the programs now being offered, with a slight increase in budget of approximately 1 percent. IPL also proposes to include its Nonresidential Load Program in its energy efficiency plan. Currently, the costs of that program are recovered in IPL's base rates. If this program in fact becomes part of IPL's energy efficiency plan, IPL's total energy efficiency budget would double. In addition, the proposed plan discusses a variety of innovative promotional methods to increase energy efficiency participation.

The Board has reviewed IPL's filing and finds that it substantially complies with 199 IAC chapter 35. The Board will therefore docket the filing and establish a procedural schedule. However, in its initial review of the plan, the Board has determined that certain additional information is required for a thorough review of the

plan. IPL will be required to provide the following information within 30 days from the date of this order.

1. With respect to Table ES-1, on page ES-6, explain what is meant by the term "cost-effective savings potential," how those numbers were calculated, and how those numbers relate to IPL's assessment of potential and to its proposed goals for program savings.
2. Explain and justify the statements provided in the last paragraph on page 4-3 of the plan, as follows:
 - a. Describe in detail and explain how IPL's calculations take into account "expected program participation, customer preferences, and budget constraints."
 - b. Explain in detail, provide data for, and justify the statement that the "Achievable Potential" results from "incentives that represent 100 percent of the incremental cost combined with high administrative and marketing costs."
 - c. Provide for each program proposed in the plan the potential for program implementation using "incentives that represent 100 percent of incremental cost," and using "high administrative and marketing costs." Also, state the amounts of these costs and describe the benefits and costs using the societal test.
 - d. Explain in detail which specific "other goals" were considered in the development of final programs and how IPL determined the effect of these other goals on program design and performance goals.
3. Provide a copy of the study by Barakat and Chamberlin, Inc. cited in the footnote on page 4-4 and explain how IPL derived and used the numbers from the study, which determine "Achievable Potential."
4. On page 6-4, IPL states it considered for inclusion in its energy efficiency plan "qualified energy efficiency measures" from a database. Provide this database of "qualified energy efficiency measures" or indicate how the Board may find these "qualified energy efficiency measures" in the energy efficiency plan.

5. On page 8-1, IPL states "the numbers of first-year participants for the program is estimated based on a combination of electrical equipment saturation and demographic data from the baseline analysis, as well as the experience of other organizations that have offered these programs in the past." Explain how IPL used the electric equipment saturation and demographic data to estimate participation for each program.

6. For several programs described in Chapter 7, IPL provides tables of "Incentive Levels" or "Program Incentive Levels," which vary from 25-50 percent of incremental cost. For any program with a range of customer incentives, provide the estimated total incentive costs for the minimum and maximum incentive levels and provide the corresponding participation levels, savings impacts, and benefit-cost results.

7. For Program 10, the Low-Income Assistance Program, on page 7-106 IPL states "[t]he EEMs offered through the Low-Income Assistance Program are comparable to those offered under the Energy Management Assistance Program." Explain whether the Energy Management Assistance Program is one of the programs proposed in the plan and, if it is not, describe the program.

8. For Program 10, the Low-Income Weatherization program explain:

a. How IPL determined the potential for low-income weatherization;

b. How IPL selected program participation and savings goals;

c. What factors most strongly influence or constrain program participation; and,

d. Whether there are any constraints on IPL's targeting of low-income customers in certain areas, such as limits on the basic resources of the state Weatherization Assistance Program.

9. For Program 11, Tree Planting, provide an indication of how IPL selected program participation goals and what it believes to be the potential for further implementation of tree-planting programs.

10. For Program 4, Residential New Construction, indicate where in the plan IPL addresses questions of potential for new construction programs.

11. On page 8-5, IPL states "the DICE model was used as the primary tool for conducting the cost-effectiveness assessment." Explain in detail the structure and operation of the DICE model and describe the datasets used with the DICE model to perform the benefit-cost tests.

12. For each proposed program for which benefit-cost tests were performed, provide all details of the calculations resulting in the benefit-cost ratios and net societal benefits, including data for the components of the benefit-cost tests specified in the Board's definitions of the tests.

13. In Appendix L, the tables of elements for the cost-effectiveness tests appear to be based on ten years of results, but it is not clear if these tables mean ten years of results for first-year implementation or ten years of results for additional new participants in years two through ten. Please clarify and indicate where in the plan the data for implementation are located and explained.

14. For each program described in Chapter 7, list for each year of implementation the number of eligible participants.

15. For each program which specifies "Program Qualifications" and which references "per 2001 program specifications," provide the 2001 program specifications.

16. In Tables 9-1 and 9-2, IPL lists first-year impacts and yearly cumulative impacts for the subsequent four years. It is unclear from the numbers in Table 9-2 whether these impacts increase due to the accumulating savings from the first-year participants, which seems to be suggested by the numbers for energy savings, or whether the programs' impacts increase each year due to new participants, which is suggested by the peak demand impacts. Explain this anomaly and provide additional explanation if IPL does not expect additional participation in years two through five.

17. For each program described in Chapter 7, provide budgets for years two through five of implementation, including all information required in 199 IAC 35.8(2)"d." If all budgets for years two through five of implementation are intended to be identical to the first year budget, please state this intention clearly. If IPL is proposing budgets based on more than five years of implementation, please state this intention clearly.

18. For each program described in Chapter 7, provide annual estimates for the categories of equipment costs and installation costs and describe whether these costs are incurred by customers or incurred by IPL as incentives to customers.

19. For each program described in Chapter 7, provide annual dollar estimates for customer incentive costs and explain if these incentives are paid directly to customers, paid to other parties on behalf of customers (which are not incurred as promotional costs), or include IPL labor costs for assistance to customers.

20. For the budget category of "Regulatory" costs, provide annual estimated numbers for the costs of assessments to support the Iowa Energy Center and the Center for Global and Regional Environmental Research and, separately, estimated numbers for the costs of assessments for regulatory activities of the Iowa Utilities Board and the Office of Consumer Advocate Division of the Department of Justice.

21. For Program 13, the Nonresidential Load Management Program, provide detailed data describing the rate and average bill impacts, by customer class, which will result from transfer of cost recovery for this program from regular base rates to the EECR factor. This data must be provided based on IPL's proposed goals for future implementation of Program 13. In addition, provide rate data as follows:

a. A set of data describing the rate and average bill impacts using the method of allocation currently employed for energy efficiency programs;

b. A set of data describing the rate and average bill impacts using the method of allocation currently employed for recovery of interruptible costs in base rates;

c. Indicate which of these two allocation methods IPL proposes for recovery of costs for the Nonresidential Load Management Program; and,

d. Explain and justify the rationale for using the proposed allocation method and proposed rate design.

22. For Program 12, Residential Load Management, provide the following information:

- a. For calendar years 1997 through 2001, the number of actual participants, the number of eligible participants, the amount of potential peak demand savings, the number of load control incidents, and amount of actual peak demand savings for each incident.
- b. Explain why the projected savings goals, listed in Tables 9-1 and 9-2, appear to assume only one year of new participation, with no additional new participants after the first year.
- c. Describe the amount and type of incentives for water heater load control.
- d. The estimated number of eligible participants for each future year of implementation.
- e. Estimates for each of five future years of the additional benefits and costs associated with additional participation and potential peak demand savings from the Residential Load Management program, assuming an additional annual 4 percent increase in numbers of participants above the first year projection in the plan.
- f. Explain and justify these results and contributing assumptions and data for:
 - (1) future maximum peak demand savings, based on controlling all estimated participants, at maximum capacity savings, for all permissible occurrences; and,
 - (2) the amount of actual future peak demand savings estimated for each future year of program implementation, based on estimated probable numbers and levels of load control occurrences.

23. For Program 13, Nonresidential Load Management, provide the following:

- a. For calendar years 1997 through 2001, the number of actual participants, the number of eligible participants, the amount of potential peak demand savings, the number of interruption incidents, and amount of actual peak demand savings for each incident.

b. Explain why projected savings goals, listed in Tables 9-1 and 9-2, appear to assume only one year of new participation, with no additional new participants after the first year.

c. Provide the estimated number of eligible participants for each future year of implementation.

d. Provide estimates, for each of five future years, of the additional benefits and costs associated with additional participation from the Nonresidential Load Management program, assuming an additional annual increase of 4 percent in maximum potential peak demand savings, above the first year projection in the plan.

e. Provide, explain, and justify the results and contributing assumptions and data for:

(1) future maximum peak demand savings, based on interrupting all estimated participants, at maximum capacity savings, for all permissible occurrences; and,

(2) the amount of actual future peak demand savings estimated for each future year of program implementation, based on estimated likely numbers and levels of interruption occurrences.

f. Explain why the results for the participant test, presented in Table 8-5 and Appendix L, show zero costs for participants.

g. Explain why the details for the various benefit-cost tests, presented in Appendix L, show zero kW savings for all years after year one but assume continuing dollar benefits in future years.

h. Provide copies of all relevant official documents relating to the Nonresidential Load Management program, including all relevant pages from IPL's current tariffs.

24. IPL, in Appendix B2, refers to Figure B2.1. No hard copy of Figure B2.1 appears in Appendix B2. Provide a hard copy of Figure B2.1

IT IS THEREFORE ORDERED:

1. The energy efficiency plan filed by Interstate Power and Light Company on October 15, 2002, is docketed pursuant to 199 IAC 35.6(2), and an investigation is instituted to determine the reasonableness of IPL's proposed energy efficiency plan. This matter will be identified as Docket No. EEP-02-38, a formal contested case proceeding. The expenses reasonably attributable to this investigation shall be assessed to IPL in accordance with Iowa Code § 476.10.

2. The following procedural schedule is established:

a. The parties shall notify the Board prior to December 9, 2002, if they desire a prehearing conference.

b. Consumer Advocate and any intervenors shall file prepared direct testimony, with underlying workpapers and exhibits, on or before December 23, 2002. If a party references a data request in its prepared testimony, the data request shall be filed as an exhibit.

c. If Consumer Advocate and any intervenors find it necessary to file testimony in rebuttal to each other's direct testimony, they may file rebuttal testimony on or before January 24, 2003.

d. IPL shall file its rebuttal testimony, with underlying workpapers and exhibits, on or before February 7, 2003.

e. The parties shall file a joint statement of the issues on or before February 11, 2003.

f. All parties, which choose to file a prehearing brief, may do so on or before February 11, 2003.

g. A hearing shall be held beginning at 9 a.m. on March 4, 2003, for the purpose of receiving testimony and the cross-examination of all testimony. The hearing shall be held in the Board's Hearing Room, 350 Maple Street, Des Moines, Iowa. The parties shall appear one-half hour prior to the time of the hearing for the purpose of marking exhibits. Persons with disabilities requiring assistive services or devices to observe or participate should contact the Utilities Board at (515) 281-5256 in advance of the scheduled date to request that appropriate arrangements be made.

3. In the absence of objection, all underlying workpapers shall become a part of the evidentiary record of these proceedings at the time the related testimony and exhibits are entered into the record.

4. In the absence of objection, all data requests and responses referred to in oral testimony or on cross-examination, which have not been previously filed, shall become a part of the evidentiary record of these proceedings. The party making reference to the data request shall file an original and six copies of the data request and response with the Board at the earliest possible time.

5. In the absence of objection, when the Board has called for further evidence on any issue and the evidence is filed after the close of the hearing, the evidentiary record will be reopened and the evidence will become part of the record

five days after the evidence is filed with the Board. All evidence filed pursuant to this paragraph shall be filed no later than seven days after the close of the hearing in this proceeding.

6. IPL shall file the additional information identified in this order within 30 days from the date of the order.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Sharon Mayer
Executive Secretary, Assistant to

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 8th day of November, 2002.